

TAXATION: PASSENGER AUTOMOBILES

*Exchange of notes at Bar Harbor, Maine, September 4, 1928, and at
Washington, October 27, 1928, and February 2, 1929*

Entered into force February 2, 1929; operative from February 1, 1929

48 Stat. 1871; Executive Agreement Series 61

The Danish Minister to the Acting Secretary of State

No. 125

p.t. BAR HARBOR, MAINE, September 4, 1928

SIR,

I am directed to inform you, that the Danish Government, on condition of reciprocity, is prepared to grant freedom from taxation for a period of 3 months to foreign automobiles built for the transportation of passengers not to exceed 7 in number including the driver, and belonging in the country in question and registered as the property of persons residing there.

In these circumstances I would be greatly obliged to you for being so good as to let me know, what formalities and conditions must be complied with in order that motor vehicles registered in Denmark may be exempted from taxation in the United States, therein included duties and taxes of all kinds.

I have the honor to be, Sir,

With the highest consideration,

Your most obedient and humble servant,

C. BRUN

The Honorable

J. REUBEN CLARK, Jr.,

Acting Secretary of State,

Department of State, Washington, D.C.

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE

WASHINGTON, October 27, 1928.

SIR:

I have the honor to acknowledge the receipt of your note of September 4, 1928, in which you were good enough to inform me that your Government,

83

on the basis of reciprocity, is prepared to grant freedom from taxation for a period of three months to foreign automobiles built for transportation of passengers not to exceed seven in number, including the driver, and belonging in the country in question and registered as the property of persons residing there.

In reply I have the honor to inform you that the Federal Government imposes no taxes on automobiles in the United States. The taxation of owners of automobiles and the exaction of fees for the registration of automobiles is a matter for determination by the several States. The Department has been informally advised that an investigation of the motor vehicle laws of the forty-eight States of the United States discloses the fact that all of them grant reciprocity to foreign visitors.

This reciprocity is granted in respect both to the license plate and the driving license, provided, of course, that the same reciprocity is extended by foreign countries to residents of States that are now granting this courtesy. With regard to the taxation of owners of automobiles which is usually distinct from the payment of a registration fee, it may be stated that it is the Department's understanding that as a general rule such taxes are only imposed upon persons who are found to be legal residents of a certain State. Such taxes, it is believed, would not be exacted from persons who are merely touring through the several States of the Union, the class of persons to whom, presumably, reference is made in your note under acknowledgment.

In this connection the following information regarding the freedom from customs duties granted on a reciprocal basis to motorcycles and automobiles brought into the United States by nonresidents for a period of not more than six months, quoted from a letter from the Treasury Department, would appear pertinent to your inquiry:

"The regulations governing such importations are contained in Chapter VIII, Customs Regulations of 1923, Articles 406-413. Article 407 provides that entry shall be made on Customs Form 7501, and that bond shall be given on Customs Form 7563 (with surety) in a penal sum equal to double the estimated duties. In lieu of such bond, the importer may deposit a cash amount equal to the estimated duties, which is treated as a cash bond. The entry will be liquidated free of duty, and the bond canceled or the amount deposited returned, if the vehicle in question is exported within the six months period prescribed by Section 308 and provided that exportation is made in the manner required by Article 412 of the regulations. When not so exported, the vehicles are treated in the same manner as similar articles imported for sale and consumption, and assessed for duty on their value at the time of importation. The six months period prescribed for exportation cannot be extended."

I have the honor to express the hope that in the light of the foregoing information the competent Danish authorities will be prepared to grant reciprocal treatment to American citizens desiring to drive automobiles in Denmark.

Accept, Sir, the renewed assurances of my highest consideration.

For the Secretary of State:

W. R. CASTLE, Jr.

Mr. CONSTANTIN BRUN,
Minister of Denmark.

The Danish Minister to the Secretary of State

No. 14

FEBRUARY 2, 1929

SIR,

Referring again to your reply-letter of October 27, 1928 in regard to taxation in this country of automobiles and exemption from such taxation of the automobiles of foreign visitors, I have the honor to state as follows:

In the last paragraph of your aforesaid letter you expressed the hope, that the competent Danish authorities, in the light of the information placed at their disposal, would be prepared to grant reciprocal treatment to American citizens desiring to drive automobiles in Denmark.

In this connection I am directed by the Danish Minister of Foreign Affairs to transmit to you the four copies here enclosed of a Regulation issued on this subject on January 18, 1929 by the Danish Ministry of Public Works. It will be seen that this Regulation, in view of the authorization contained in § 7 No. 1 of the Act No. 143 of July 1, 1927 on taxation of automobiles, etc., exempts from the tax prescribed in the said paragraph, for a period not exceeding 3 months, (visiting) automobiles for transportation of persons, built to seat not more than seven persons including the chauffeur, which belong in the United States and are registered in the United States as the property of persons residing in the United States.

A copy of § 7 No. 1 of the said Act is herewith enclosed.

I have the honor to be, Sir, with the highest consideration,

Your most obedient and humble servant,

C. BRUN

The Honorable

FRANK B. KELLOGG,

Secretary of State,

Department of State, Washington, D.C.

[ENCLOSURE 1—TRANSLATION]

PROCLAMATION RELATIVE TO EXEMPTION FROM TAXATION IN THIS COUNTRY OF MOTOR CARS AND TRAILERS TO SAME, WHICH BELONG IN THE UNITED STATES, AND WHICH ARE USED IN ENTERING THIS COUNTRY BY PERSONS COMING TO DENMARK FROM ABROAD.

Journal N. 371 c.
Circular No. B

Pursuant to the authority given to the Minister of Public Works in section 7, paragraph 1, in act no. 143 of July 1, 1927, relative to tax on motor vehicles, etc., the Ministry, after consultation with the Ministry of Finance, hereby waives the tax, in accordance with the said paragraph, on such passenger automobiles belonging in the United States as are designed to carry not more than 7 persons including the chauffeur, and are registered in the country in question as belonging to persons domiciled in that country.

Exemption from taxation is valid only for a period of 3 months, and therefore the liability to taxation mentioned by sections 1–6 of the above-named law arises in case the vehicle remains in this country for more than 3 months.

This proclamation shall go into effect February 1, 1929.

Which is hereby made public, reference being made to the proclamation of January 28, 1928, on this subject.

MINISTRY OF PUBLIC WORKS,
January 18, 1929.

J. P. STENSALLE
CH. BUCHWALD

[ENCLOSURE 2—TRANSLATION]

COPY OF ACT NO. 143 OF JULY 1, 1927, ON TAXATION OF AUTOMOBILES, ETC.

Section 7, No. 1

The following taxes shall be paid on motor cars and trailers to same not belonging in this country, which are used in entering this country by persons coming to Denmark from abroad, except in the exceptional cases mentioned in section 1, paragraph 2.

On passenger automobiles, which are designed to carry not more than 7 persons including the chauffeur, and on trailers to passenger automobiles, 5 kroner for up to 2 days' driving, 15 kroner for up to 8 days' driving, and 50 kroner for up to 1 month's driving. If the car does not remain in this country during the whole period for which the tax is paid, it may be driven in this country later during the remaining time without payment of a new tax.

On passenger automobiles which are designed to carry more than 7 persons including the chauffeur, on tractors, commercial automobiles and motor trucks and on trailers to the same, 8 kroner for up to 2 days' driving, 25 kroner

for up to 8 days' driving, and 80 kroner for up to 1 month's driving.

The tax is paid in advance in accordance with rules which shall be definitely fixed by the Minister of Public Works, after consultation with the Minister of Finance.

The Minister of Public Works may, however, after consultation with the Minister of Finance, waive payment of taxes under the present provision for passenger automobiles belonging in countries which grant the corresponding exemption from taxes for passenger automobiles belonging in this country.